

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of

THE CATV POLE ATTACHMENT)	
TARIFF OF CONTINENTAL)	ADMINISTRATIVE
TELEPHONE COMPANY OF)	CASE NO. 251-5
KENTUCKY)	

O R D E R

Procedural Background

On September 17, 1982, the Commission issued an Amended Order in Administrative Case No. 251, The Adoption of a Standard Methodology for Establishing Rates for CATV Pole Attachments, and ordered electric and telephone utilities providing or proposing to provide CATV pole attachments to file tariffs conforming to the principles and findings of the Order on or before November 1, 1982.

On October 29, 1982, Continental Telephone Company of Kentucky ("Continental") filed rates, rules, and regulations for CATV pole attachments. On November 15, 1982, the Commission suspended Continental's CATV pole attachment tariff to allow the maximum statutory time for investigation and comment from interested persons.

On November 19, 1982, the Kentucky Cable Television Association, Inc., ("KCTA") requested and was granted leave to intervene and comment on Continental's CATV pole attachment tariff. On January 17, 1983, KCTA filed a statement of

objections to various CATV pole attachment tariffs, including Continental's tariff.

On March 29, 1983, the Commission received an extension of time in which to consider Continental's CATV pole attachment tariff.

Findings

The Commission, having considered the evidence of record and being advised, is of the opinion and finds that:

1. KCTA's objection to Continental's CATV pole attachment rates is reasonable and is addressed in another finding. Continental's response to KCTA's information and data request shows that pre-1970 pole investment was excluded from Continental's calculation of embedded pole costs, which is inconsistent with the Commission's Amended Order in Administrative Case No. 251.

2. Continental's rules and regulations for CATV pole attachments conform to the principles and findings of the Commission's Amended Order in Administrative Case No. 251, and should be approved, except that Continental should include a regulation outlining the application procedure for CATV pole attachments, especially insofar as it relates to advance notice of intent to make CATV pole attachments and make-ready charges.

3. At page 2.1, section I.A.8, the footnote should be deleted. The CATV pole attachment rates stated in the tariff do not represent a composite rate as allowed in the Commission's Amended Order in Administrative Case No. 251.

4. Continental failed to provide sufficient information to verify its calculation of embedded pole costs. Therefore, Continental should file information from plant records or another reliable source showing the number of 30-foot, 35-foot, 40-foot, and 45-foot poles in service, and related pole investment. The information should be classified according to vintage year. Insofar as pre-1970 pole investment data is unavailable on a vintage year basis, a pre-1970 composite of pole investment may be used. Also, any discrepancy between the total number of poles shown in the calculation of embedded pole costs and the total number of poles shown in the 1981 Annual Report should be explained.

5. Continental failed to provide adequate information to verify its calculation of embedded anchor costs. Therefore, Continental should file information from plant records or another reliable source showing embedded anchor cost and anchor attachment rate development.

6. Continental failed to provide sufficient information to verify a conduit usage rate. Conduit usage rates may not be calculated on an individual basis at the time of application. Therefore, Continental should file information from plant records or another reliable source sufficient to establish a conduit usage rate.

7. Continental's calculation of its annual carrying charge should be modified as follows:

(a) The maintenance component should be 1.69 percent, as calculated from the 1981 Annual Report.

(b) The administration and overhead component should be 8.50 percent, as calculated from the 1981 Annual Report.

(c) The taxes component should be 5.01 percent, as calculated from the 1981 Annual Report.

(d) The total annual carrying charge should be 33.76 percent, based on calculations from the 1981 Annual Report and information from the Commission's Order in Case No. 8428, Notice of Continental Telephone Company of Kentucky of an Adjustment in its Intrastate Rates.

8. Continental should be allowed to substitute 1982 Annual Report information to adjust its annual carrying charge, if the information is filed with the Commission. Furthermore, any adjusted calculation of the annual carrying charge should be made as outlined in Attachment 1 to this Order, unless a specific deviation is requested and reasonable cause is demonstrated.

Orders

IT IS THEREFORE ORDERED that Continental's CATV pole attachment tariff filed with the Commission on October 29, 1982, be and it hereby is rejected.

IT IS FURTHER ORDERED that Continental shall file revised rates, rules, and regulations for CATV pole attachments with the Commission within 30 days from the date of this Order, and that the revised rates, rules, and regulations shall conform to the findings of this Order.

IT IS FURTHER ORDERED that Continental shall file information as outlined in this Order concerning embedded pole

cost, embedded anchor cost, and current conduit cost, at the same time it files its revised rates, rules, and regulations.

Done at Frankfort, Kentucky, this 23rd day of May, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary

Attachment 1

CATV Annual Carrying Charge

The annual carrying charge should be based on the 1981 or 1982 Annual Report, Form M, to the Public Service Commission of Kentucky, and Commission Orders, as follows:

1. Depreciation

Depreciation on pole lines is stated at Page 31, Line 7, Column (d).

2. Taxes

The formula for calculating taxes is:

$$\frac{\text{Page 16, Lines 5+6+7+8, Column (b)}}{\text{Page 12, Line 10, Column (b)}}$$

3. Administration & Overhead

The formula for calculating administration is:

$$\frac{\text{Page 61, Lines 36+45+51+61, Column b}}{\text{Page 12, Line 10, Column } \frac{(b + c)}{2}}$$

4. Maintenance

The formula for calculating maintenance is:

$$\frac{\text{Page 60, Line 1, Column (b)}}{\text{Page 19, Line 11, Column } \frac{(b + h)}{2}}$$

5. The rate of return should be the most recent rate of return authorized by the Commission.